

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1878-01
Bill No.: HB 737
Subject: Aircraft and Airports; State Tax Commission; Taxation and Revenue - Property
Type: Original
Date: February 25, 2009

Bill Summary: Would provide for taxing certain private aircraft at seven percent of the aircraft's true value in money.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Blind Pension	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Elementary and Secondary Education** defer to the Department of Revenue for an estimate of the fiscal impact of this proposal.

Officials from the State Tax Commission (TAX) assume this proposal would not impact their organization. TAX officials assume there would be an unknown loss of revenue to the local political subdivisions since these airplanes are currently being assessed at 33 1/3 % of their true value in money. The proposal would reduce the assessment percentage to 7%. TAX officials stated that they do not have any information available on the number of airplanes that would qualify for this reduced percentage.

Officials from the **Department of Revenue**, the **Department of Transportation**, the **Metropolitan Community Colleges**, the **City of Centralia**, and the **City of Kansas City** assume this proposal would have no fiscal impact on their organizations.

Officials from **Cass County** assume this proposal would provide enabling legislation and there would only be positive impact on county funds if the county were to tax certain private aircraft.

Officials from **St. Louis County** assume that this proposal would increase the assessment percentage from five to seven on a small number of old planes, which would not generate much new money.

ASSUMPTION (continued)

Oversight was unable to determine or estimate the number of civil aircraft which would be eligible for the reduced assessment provisions in this proposal. The United States Federal Aviation Administration website indicates a total of 6,853 planes registered in Missouri. Oversight assumes this proposal would have an unknown negative impact on revenues for local governments and the Blind Pension Fund. Oversight also assumes this proposal would become effective in August 2009 after the 2009 assessment process is complete, and would be effective for 2010 (FY 2011) assessments.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
BLIND PENSION FUND			
<u>Revenue reduction</u> - reduced assessment for certain aircraft	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUNDS	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL GOVERNMENTS			
<u>Revenue reduction</u> - reduced assessment for certain aircraft	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which own or operate eligible aircraft.

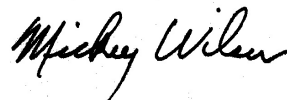
FISCAL DESCRIPTION

This proposal would provide for taxing certain private aircraft at seven percent of the aircraft's true value in money.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Revenue
Department of Transportation
State Tax Commission
Metropolitan Community Colleges
Cass County
St. Louis County
City of Centralia
City of Kansas City

A handwritten signature in black ink, reading "Mickey Wilson". The signature is fluid and cursive, with the first name "Mickey" and last name "Wilson" clearly distinguishable.

Mickey Wilson, CPA
Director
February 25, 2009